

CITY OF SAN JOSE

2008-2009 ADOPTED OPERATING BUDGET

DEBT SERVICE OBLIGATIONS

Overview

The City's debt service obligations include general obligation bonds, revenue bonds (enterprise funds), City of San José Financing Authority revenue and lease revenue bonds, commercial paper, special assessment bonds, community facilities district bonds, and San Jose Redevelopment Agency debt.

- **General obligation bonds** are issued to finance various public improvements in the City for which the primary collateral for repayment is the ad valorem tax on property within the City.
- **Revenue bonds** are issued to acquire or construct assets owned by the City whereby the City pledges income derived from the asset or enterprise to pay the debt service.
- **City of San José Financing Authority revenue and lease revenue bonds** are secured by revenues that are defined under Trust Agreements and generally include lease payments received by the Authority under a Project Lease. The City makes the lease payments to the Authority and covenants to annually appropriate funds. These payments are included in the City budget as part of the annual appropriation process.
- **Commercial paper** is a short-term promissory note issued by the City or its political subdivisions that has a maturity of 270 days or less. Maturing commercial paper notes are repaid from the proceeds of sale of new commercial paper notes or bonds or from other funds provided by the City.
- **Special assessment bonds** are issued to pay for public infrastructure improvement costs in special assessment districts and are fully secured by liens against the privately owned properties benefited by the improvements for which the bonds were issued.
- **Community facilities district bonds** are issued to finance the construction and/or acquisition of facilities and the provision of certain services in community facilities districts. The source of repayment for community facilities district bonds is a special tax on privately owned properties within the community facilities districts.
- **San José Redevelopment Agency debt** is issued to construct public improvements in redevelopment project areas in accordance with California Community Redevelopment law. The principal source of repayment for San Jose Redevelopment Agency debt is future property tax increment revenues.

The City Council has adopted a general debt management policy, which allows flexibility when opportunities arise, but at the same time establishes parameters for entering into debt/capital lease obligations. In addition, the City Council has approved a supplemental Multi-Family Housing Revenue Bond Policy and Residential Development Guidelines.

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DEBT SERVICE OBLIGATIONS (CONT'D.)

Overview (Cont'd.)

The City of San José Charter establishes the following requirements associated with debt limitations:

- Section 1216 sets the bonded debt limit for General Obligation bonds at fifteen percent (15%) of the total assessed valuation of all the real and personal property within the City.
- Section 1220 establishes the power of the City Council to issue revenue bonds to finance the acquisition, construction, establishment, expansion, improvement, maintenance, operation, and administration of off-street vehicular parking facilities within the City or of municipal airport facilities. No additional authorization is necessary to issue bonds under this section of the City Charter.
- Section 1221 provides that no revenue bonds may be issued by the City for the purpose of supplying its inhabitants, or any portion thereof, with water, light, heat, power, railroad, or motor vehicle transportation services (other than airport service), or telephone, telegraph, or wireless communication service unless authorized by the affirmative vote of a majority of the electors voting on such a proposition in each case.
- Section 1222 states that revenue bonds may be issued by the City for any purposes other than those specified in Sections 1220 and 1221 only under and pursuant to the laws of the State of California.

Debt Status and Capacity

The City of San José Charter limits bonded indebtedness for General Obligation bonds to fifteen percent (15%) of the total assessed valuation of all real and personal property within the City. As of June 30, 2008, the total assessed value of taxable property was \$122.6 billion, which results in a total debt capacity of approximately \$18.4 billion. As of June 30, 2008, the City had approximately \$528.6 million of General Obligation bonds outstanding.

The City, City of San José Financing Authority, San Jose Redevelopment Agency, and San José-Santa Clara Clean Water Financing Authority total outstanding debt as of June 30, 2008, is \$4.78 billion (See Table A). It should be noted that long-term lease obligations are not considered indebtedness under the State Constitution.

The Debt Management Policy for the City was adopted by the City Council on May 21, 2002. The first set of program-specific policies, related to the City's Multi-Family Housing Program, was adopted by the City Council on June 11, 2002 and subsequently amended on December 6, 2005.

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DEBT SERVICE OBLIGATIONS (CONT'D.)

Debt Status and Capacity (Cont'd.)

During 2008-2009, the Business Plan of the Strategic Support City Service Area includes development of additional program-specific policies tailored to certain types of financings which may include, but are not limited to, the City's general obligation, lease revenue, enterprise, and land-secured financings.

Descriptions of City of San José and related entity debt activity for 2007-2008, as well as issues planned for 2008-2009, are provided in the following sections.

2007-2008 Debt Issues

The following debt issues were completed in 2007-2008.

- **City of San José Airport Revenue Bonds, Series 2007A (AMT) and Series 2007B** On September 13, 2007, the City issued \$545.755 million of Series 2007A and \$179.26 million of Series 2007B Airport Revenue Bonds (together, the "2007 Bonds"). The proceeds of the 2007 Bonds will be used to pay (and to redeem commercial paper notes issued to pay) a portion of the costs of Phase I of the Airport Development Program at the Norman Y. Mineta San José International Airport. Debt service on the 2007 Bonds will be paid from General Airport Revenues and certain other funds. The 2007 Bonds are insured by Ambac Assurance Corporation.

The Series 2007A Bonds are subject to the Alternative Minimum Tax (AMT), bear interest at fixed rates ranging from 5.00% to 6.00%, and have a final maturity date of March 1, 2047. The Series 2007B Bonds bear interest at fixed rates ranging from 4.25% to 5.00% and have a final maturity date of March 1, 2037.

A note repayment fund for the Series B Commercial Paper Notes, in the amount of \$32.4 million, was funded from the 2007 Bonds proceeds and was used to redeem a portion of the outstanding Airport Series B Commercial Paper Notes when those notes matured on December 6, 2007.

- **Redevelopment Agency of the City of San José Merged Area Redevelopment Project Taxable Tax Allocation Bonds, Series 2007A-T and Tax Allocation Bonds, Series 2007B** On November 7, 2007, the San Jose Redevelopment Agency (SJRA) issued \$21.3 million of Series 2007A-T (taxable) and \$191.6 million of Series 2007B Tax Allocation Bonds (together, the "2007AB Bonds"). The proceeds of the 2007AB Bonds will be used to finance multiple redevelopment projects within the SJRA's Merged Area Redevelopment Project. Debt service is payable from the SJRA's tax increment revenues.

The Series 2007A-T Bonds, which are insured by XL Capital Assurance Inc., bear interest at a fixed rate of 5.10%, and have a maturity date of August 1, 2017. The Series 2007B Bonds, which are also insured by XL Capital Assurance Inc., bear interest at fixed rates ranging from 4.25% to 5.00%, and have a final maturity date of August 1, 2036.

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DEBT SERVICE OBLIGATIONS (CONT'D.)

2007-2008 Debt Issues (Cont'd.)

- **City of San José Norman Y. Mineta San José International Airport Subordinated Commercial Paper Notes** On March 25, 2008, the City Council approved an expansion of the Airport commercial paper program from \$450 million to \$600 million to provide sufficient capacity to refund the City's outstanding Airport Revenue Bonds, Series 2004A and Series 2004B (the "2004AB Bonds"). This refunding of variable-rate bonds with another form of variable-rate debt constitutes a restructuring of the 2004AB Bonds, which had been negatively impacted by the disruptions in the financial markets related to auction rate securities and rating agency downgrades of bond insurers. The commercial paper notes financing structure eliminated the bond insurance which provided credit enhancement to the 2004AB Bonds and replaced it with a direct-pay letter of credit. That refunding was completed on April 4, 2008.

Under this program, the City is able to issue commercial paper notes at prevailing interest rates for periods of maturity not to exceed 270 days. The portion of the commercial paper program approved by the City Council on March 25, 2008 is secured by a subordinate pledge of the Airport's revenues and additionally secured by a direct-pay letter of credit provided by Lloyds TSB Bank plc.

- **City of San José Financing Authority Lease Revenue Bonds, Series 2008F (Taxable) (Land Acquisition Refunding Project)** On June 11, 2008, the Authority issued \$67.195 million of Series 2008F Taxable Lease Revenue Bonds. The proceeds of the Series 2008F Bonds were used to current refund the Authority's Series 2005A (taxable) and Series 2005B (AMT) Lease Revenue Bonds (together, the "2005AB Bonds") issued to finance acquisition of and improvements to the Airport West property to be temporarily used by the Airport for aviation purposes. Debt service on the Series 2008F Bonds during the period the property is used for aviation purposes will be paid from base rental payments received by the City from the Airport.

This refunding of variable-rate bonds with another series of variable-rate bonds constitutes a restructuring of the 2005AB Bonds, which had been negatively impacted by the disruptions in the financial markets related to bond insurer downgrades by the rating agencies. The Series 2008F Bonds financing structure eliminated the bond insurance which provided credit enhancement to the 2005AB Bonds and replaced it with a direct-pay letter of credit. The Series 2008F Bonds, which are supported by an irrevocable direct-pay letter of credit provided by Bank of America, bear interest at weekly variable rates and have a final maturity date of June 1, 2034.

- **City of San José General Obligation Bonds, Series 2008 (Libraries and Parks Projects)** On June 25, 2008, the City issued \$33.1 million of Series 2008 General Obligation Bonds. The proceeds will be used to fund \$5.285 million of libraries projects and \$27.815 million of parks projects. Debt service on the Series 2008 Bonds is payable from ad valorem taxes levied upon all property subject to taxation by the City. The Series 2008 Bonds bear interest at fixed rates ranging from 4.00% to 5.00%, and have a final maturity date of September 1, 2038.

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DEBT SERVICE OBLIGATIONS (CONT'D.)

2007-2008 Debt Issues (Cont'd.)

- **City of San José Financing Authority Lease Revenue Bonds, Series 2008C and Series 2008D (Taxable) (Hayes Mansion Refunding Project)** On June 26, 2008, the Authority issued \$10.915 million of Series 2008C and \$47.39 million of Series 2008D (taxable) Lease Revenue Bonds (together, the “2008CD Bonds”). The proceeds of the Series 2008C Bonds were used to current refund the Authority’s Series 2001D Lease Revenue Bonds and the proceeds of the Series 2008D Bonds were used to current refund the Authority’s Series 2001B (taxable) and Series 2001C (taxable) Lease Revenue Bonds (together with the Series 2001D Bonds, the “2001BCD Bonds”). The 2001BCD Bonds were issued to finance and refinance improvements to the Hayes Mansion Conference Center and Edenvale Garden Park. Debt service on the 2008CD Bonds will be paid from net revenues of the Hayes Mansion Conference Center or, to the extent net revenues are insufficient, the City’s General Fund.

This refunding of variable-rate bonds with another series of variable-rate bonds constitutes a restructuring of the 2001BCD Bonds, which had been negatively impacted by the disruptions in the financial markets related to bond insurer downgrades by the rating agencies. The 2008CD Bonds financing structure eliminated the bond insurance which provided credit enhancement to the 2001BCD Bonds and replaced it with a direct-pay letter of credit. The Series 2008C Bonds, which are supported by an irrevocable direct-pay letter of credit from The Bank of Nova Scotia and the California State Teachers’ Retirement System, bear interest at weekly variable rates and have a final maturity date of June 1, 2027. The Series 2008D Bonds, also supported by an irrevocable direct-pay letter of credit provided by The Bank of Nova Scotia and the California State Teachers’ Retirement System, bear interest at weekly variable rates and have a final maturity date of June 1, 2025.

- **Multi-family Housing Revenue Bonds** Federal Tax law requires an allocation of the State’s private activity volume cap to finance multi-family housing projects on a tax-exempt basis. The City received allocations from the California Debt Limit Allocation Committee (CDLAC) and closed the following projects while complying with CDLAC regulations:

Partial refunding of bonds originally issued in November 2003:

- Almaden Family Apartments (\$6.3 million), closed December 17, 2007

Allocation awarded on September 26, 2007, resulting in bond issuance in December 2007:

- Curtner Studios Apartments (\$8.8 million), closed December 19, 2007

Allocation awarded on January 23, 2008, resulting in bond issuance in May 2008:

- Fairgrounds Senior Housing (\$26.0 million), closed May 8, 2008

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DEBT SERVICE OBLIGATIONS (CONT'D.)

2008-2009 Completed and Planned Debt Issues

- **City of San José Financing Authority Lease Revenue Bonds, Series 2008E (Taxable) (Ice Centre Refunding Project)** On July 3, 2008, the Authority issued \$28.07 million of Series 2008E Taxable Lease Revenue Bonds. The proceeds of the Series 2008E Bonds were used to current refund the Authority's Series 2000C (taxable) and Series 2004A (taxable) Lease Revenue Bonds (together, the "2000/2004 Bonds") issued to finance and refinance real property and improvements to the City's Ice Centre of San José. Debt service on the bonds will be paid from base rental payments received by the City from the Ice Centre operator, Silicon Valley Sports and Entertainment.

This refunding of variable-rate bonds with another series of variable-rate bonds constitutes a restructuring of the 2000/2004 Bonds, which had been negatively impacted by the disruptions in the financial markets related to auction rate securities and rating agency downgrades of bond insurers. The Series 2008E Bonds financing structure eliminated the bond insurance which provided credit enhancement to the 2000/2004 Bonds and replaced it with a direct-pay letter of credit. The Series 2008E Bonds, which are supported by an irrevocable direct-pay letter of credit provided by Bank of America and the California State Teachers' Retirement System, bear interest at weekly variable rates and have a final maturity date of June 1, 2025.

- **City of San José Financing Authority Lease Revenue Bonds, Series 2008B (Civic Center Garage Refunding Project)** On July 10, 2008, the Authority issued \$36.58 million of Series 2008B Lease Revenue Bonds. The proceeds of the Series 2008B Bonds were used to current refund the portion of the Authority's Lease Revenue Commercial Paper Notes issued as an interim financing mechanism to finance land acquisition and construction of the Civic Center Employee Parking Garage and certain improvements to the Civic Center. Debt service on the Series 2008B bonds will be paid from the General Fund, special funds, and capital funds.

This refunding of variable-rate commercial paper notes with a series of variable-rate bonds provides long-term financing for the Civic Center Garage. The Series 2008B Bonds, which are supported by an irrevocable direct-pay letter of credit provided by Bank of America and the California State Teachers' Retirement System, bear interest at weekly variable rates and have a final maturity date of June 1, 2039.

- **City of San José Financing Authority Lease Revenue Bonds, Series 2008A (Civic Center Refunding Project)** In August 2008 the City of San José Financing Authority plans to refund approximately \$60 million of the Series 2002C Lease Revenue Bonds used to construct City Hall. The Series 2002C Bonds have been negatively impacted by the disruptions in the financial markets related to bond insurer downgrades by the rating agencies.

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DEBT SERVICE OBLIGATIONS (CONT'D.)

2008-2009 Completed and Planned Debt Issues (Cont'd.)

- **City of San José Pension Obligation Bonds, Series 2009** The City is evaluating the possibility of issuing pension obligation bonds in the spring of 2009. The bond proceeds would be used to fund a portion of the Federated City Employees' Retirement System's unfunded accrued actuarial liability (UAAL). Depositing the funds with the Retirement System could raise the funding level to approximately 90% and is anticipated to create budgetary savings by investing the proceeds with the Retirement System at a rate higher than the cost of funds.
- **City of San José General Obligation Bonds, Series 2009 (Libraries and Public Safety Projects)** The City plans to issue another series of general obligation bonds in June 2009. The proceeds of those bonds would be used to fund a portion of the libraries and public safety projects approved by voters in November 2000 and March 2002. The timing, size, and purpose of the bond issue will depend upon the expenditure and encumbrance needs of the various projects to be financed.
- **Multi-family Housing Revenue Bonds** Federal Tax law requires an allocation of the State's private activity volume cap to finance multi-family housing projects on a tax-exempt basis. The City received the following allocation from the California Debt Limit Allocation Committee (CDLAC) and closed the following project while complying with CDLAC regulations:

Partial refunding of bonds originally issued in October 2002, resulting in bond issuance in July 2008:

- Las Ventanas Apartments (\$25.9 million), closed July 15, 2008

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DEBT SERVICE OBLIGATIONS (CONT'D.)

(A) Summary of Changes in Long-Term Debt for the Year Ending June 30, 2008
(In Thousands of Dollars)

	<u>Balance July 1, 2007</u>	<u>Additions to Long-Term Obligations</u>	<u>Current Maturities and Retirements</u>	<u>Balance June 30, 2008</u>
GENERAL LONG TERM DEBT				
General Obligation Bonds	\$ 510,710	\$ 33,100	\$ 15,245	\$ 528,565
HUD Section 108 Loan	25,436	-	934	24,502
Special Assessment Bonds with Limited Governmental Commitment	71,580	-	3,429	68,151
CITY OF SAN JOSE FINANCING AUTHORITY				
Lease Revenue Bonds, Series 1993B	4,126	218	810	3,534
Lease Revenue Bonds, Series 1997B	2,290	-	355	1,935
Lease Revenue Bonds, Series 2000C (Taxable)	19,800	-	900	18,900
Lease Revenue Bonds, Series 2001B (Taxable)	24,000	-	24,000	-
Lease Revenue Bonds, Series 2001C (Taxable)	18,500	-	18,500	-
Lease Revenue Bonds, Series 2001D	10,800	-	10,800	-
Lease Revenue Bonds, Series 2001E	8,145	-	2,010	6,135
Lease Revenue Bonds, Series 2001F	166,215	-	6,145	160,070
Lease Revenue Bonds, Series 2002B	292,285	-	140	292,145
Lease Revenue Bonds, Series 2002C	60,000	-	-	60,000
Lease Revenue Bonds, Series 2003A	20,190	-	880	19,310
Lease Revenue Bonds, Series 2004A (Taxable)	9,225	-	-	9,225
Lease Revenue Bonds, Series 2005A (Taxable)	52,650	-	52,650	-
Lease Revenue Bonds, Series 2005B (AMT)	25,545	-	25,545	-
Lease Revenue Bonds, Series 2006A	57,440	-	-	57,440
Lease Revenue Bonds, Series 2007A	36,555	-	1,355	35,200
Lease Revenue Bonds, Series 2008C	-	10,915	-	10,915
Lease Revenue Bonds, Series 2008D (Taxable)	-	47,390	-	47,390
Lease Revenue Bonds, Series 2008F (Taxable)	-	67,195	-	67,195
Revenue Bonds, Series 2001A	42,545	-	1,375	41,170
REDEVELOPMENT AGENCY				
Housing Tax Allocation Bonds	204,905	-	5,000	199,905
Housing Tax Allocation Bonds (Subordinate)	64,490	-	1,720	62,770
Redevelopment Tax Allocation Bonds	1,526,950	212,930	23,620	1,716,260
Redevelopment Tax Allocation Bonds (Sub.)	113,700	-	2,700	111,000
HUD Section 108 Loans	34,470	-	250	34,220
CSCDA ERAF Loans	30,020	-	2,950	27,070
CITY OF SAN JOSE ENTERPRISE FUNDS				
Airport Revenue Bonds	485,545	725,015	149,745	1,060,815
Sewer Revenue Bonds/State Revolving Fund Loan	122,771	-	7,943	114,828
TOTAL	<u><u>\$4,040,888</u></u>	<u><u>\$1,096,763</u></u>	<u><u>\$ 359,001</u></u>	<u><u>\$ 4,778,650</u></u>

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DEBT SERVICE OBLIGATIONS (CONT'D.)

(B) Summary of Bonds and Notes Payable at June 30, 2008 by Individual Issue

	<u>Due To</u>	<u>Effective</u>	<u>(\$ Thousands)</u>
CITY OF SAN JOSE			
General Obligation Bonds, Series 2001	2031	4.50-5.125%	\$ 56,780
General Obligation Bonds, Series 2002	2032	4.0-5.0%	96,740
General Obligation Bonds, Series 2004	2034	4.0-5.0%	106,835
General Obligation Bonds, Series 2005	2035	3.0-7.5%	43,220
General Obligation Bonds, Series 2006	2036	4.0-5.0%	101,890
General Obligation Bonds, Series 2007	2037	4.0-8.0%	90,000
General Obligation Bonds, Series 2008	2038	4.0-5.0%	33,100
HUD Section 108 Loan	2024	Variable Rate	24,502
Total City of San José			<u><u>\$ 553,067</u></u>
SPECIAL ASSESSMENT BONDS WITH LIMITED GOVERNMENTAL COMMITMENT			
	2032	Various	<u><u>\$ 68,151</u></u>
CITY OF SAN JOSE FINANCING AUTHORITY			
Lease Revenue Bonds, Series 1993B	2012	5.85-6.00%	\$ 3,534
Lease Revenue Bonds, Series 1997B	2012	4.65-4.875%	1,935
Lease Revenue Bonds, Series 2000C (Taxable)	2020	Variable Rate	18,900
Lease Revenue Bonds, Series 2001E	2010	4.00-5.00%	6,135
Lease Revenue Bonds, Series 2001F	2022	4.00-5.00%	160,070
Lease Revenue Bonds, Series 2002B	2037	3.50-5.25%	292,145
Lease Revenue Bonds, Series 2002C	2039	Variable Rate	60,000
Lease Revenue Bonds, Series 2003A	2023	3.10-4.70%	19,310
Lease Revenue Bonds, Series 2004A (Taxable)	2024	Variable Rate	9,225
Lease Revenue Bonds, Series 2006A	2039	4.00-5.00%	57,440
Lease Revenue Bonds, Series 2007A	2030	4.125-4.75%	35,200
Lease Revenue Bonds, Series 2008C	2027	Variable Rate	10,915
Lease Revenue Bonds, Series 2008D (Taxable)	2025	Variable Rate	47,390
Lease Revenue Bonds, Series 2008F (Taxable)	2034	Variable Rate	67,195
Revenue Bonds, Series 2001A	2026	3.80-5.25%	41,170
Commercial Paper Notes	Short Term	Various	83,829
Total City of San José Financing Authority			<u><u>\$ 914,393</u></u>
REDEVELOPMENT AGENCY			
Housing Tax Allocation Bonds	2035	2.50-5.85%	\$ 199,905
Housing Tax Allocation Bonds (Sub.)	2035	Variable Rate	62,770
Redevelopment Tax Allocation Bonds	2035	3.50-6.00%	1,716,260
Redevelopment Tax Allocation Bonds (Sub.)	2032	Variable Rate	111,000
HUD Section 108 Loans	2025	Variable Rate	34,220
CSCDA ERAF Loans	2016	4.46-5.67%	27,070
Total Redevelopment Agency			<u><u>\$ 2,151,225</u></u>

CITY OF SAN JOSE
2008-2009 ADOPTED OPERATING BUDGET

DEBT SERVICE OBLIGATIONS (CONT'D.)

(B) Summary of Bonds and Notes Payable at June 30, 2008 by Individual Issue (Cont'd.)

	<u>Due To</u>	<u>Effective</u>	<u>(\$ Thousands)</u>
ENTERPRISE FUNDS			
Norman Y. Mineta San José International Airport			
Revenue Refunding Bonds, Series 1998A	2018	4.40-4.75%	\$ 8,695
Revenue Bonds, Series 2001A	2031	3.80-5.25%	142,390
Revenue Refunding Bonds, Series 2002A	2018	4.00-5.375%	53,600
Revenue Refunding Bonds, Series 2002B (AMT)	2012	4.00-5.00%	21,115
Revenue Bonds, Series 2004C (AMT)	2026	4.625-5.25%	75,730
Revenue Bonds, Series 2004D	2028	5.00%	34,270
Revenue Bonds, Series 2007A (AMT)	2047	5.00-6.00%	545,755
Revenue Bonds, Series 2007B	2037	4.25-5.00%	179,260
Commercial Paper Notes	Short Term	Various	186,190
San José-Santa Clara Clean Water Financing Authority:			
Revenue Refunding Bonds, Series 2005A	2016	3.25%-5.00%	45,745
Revenue Refunding Bonds, Series 2005B	2020	Variable Rate	27,130
State of California Revolving Loan	2019	Various	41,953
Total Enterprise Funds			<u>\$ 1,361,833</u>
GRAND TOTAL			<u><u>\$ 5,048,669</u></u>

CITY OF SAN JOSE

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DEBT SERVICE OBLIGATIONS (CONT'D.)

(C) Annual Requirements to Amortize All Bonds and Notes Outstanding
as of June 30, 2008*
(In Thousands of Dollars)

Year Ending June 30	City of San José	Special Assessment Bonds	City of San José Financing Authority	Redevelopment Agency	Enterprise Funds
2009	\$ 44,271	\$ 6,815	\$ 53,560	\$ 144,383	\$ 76,997
2010	45,241	6,812	58,969	155,448	77,187
2011	44,301	6,787	55,378	156,164	77,137
2012	43,459	6,780	58,309	156,207	77,062
2013	42,590	6,757	59,021	155,972	77,005
Thereafter	695,640	71,540	1,239,586	2,842,961	1,946,793
Total	\$ 915,502	\$ 105,491	\$ 1,524,823	\$ 3,611,135	\$ 2,332,181

* The following interest rates were used to project debt service for variable-rate bonds:

	Tax-Exempt	Subject to AMT	Fully Taxable
2008-2009	2.80%	2.90%	4.00%
Thereafter	3.65%	3.70%	5.50%